Benefits from CAFTA-DR
Louisiana

U.S. Department of commerce
international trade administration
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Louisiana's shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) in 2004 totaled $1.2 billion, the fourth-largest among the 50 states. Louisiana's exports to the CAFTA-DR nations have increased by 11 percent since 2000.

From 2003 to 2004, Louisiana ranked second among the states in dollar growth of exports to the CAFTA-DR group at $106 million. From 2000 to 2004, Louisiana had the eighth-largest dollar growth, $117 million, among the states.

Louisiana's leading market in the CAFTA-DR region is the Dominican Republic (2004 exports of $281 million), followed by Costa Rica ($264 million), Guatemala ($224 million), El Salvador ($173 million), Honduras ($140 million), and Nicaragua ($92 million).

The state's top exports to CAFTA-DR countries in 2004 included oilseeds and grains ($714 million), grain and oilseed milling products ($200 million), petroleum and coal products ($116 million), and resins, synthetic rubber, and artificial and synthetic fibers and filaments ($27 million).

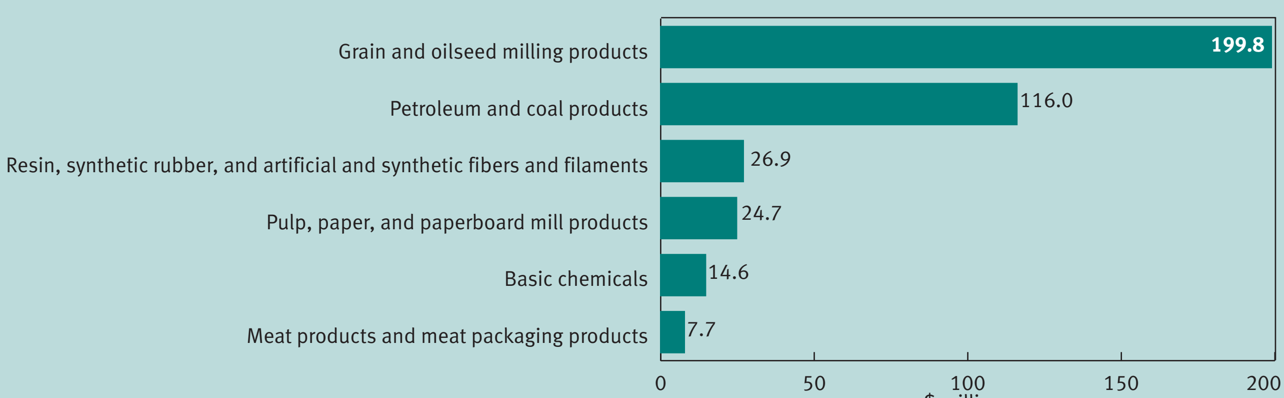
CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Louisiana's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from

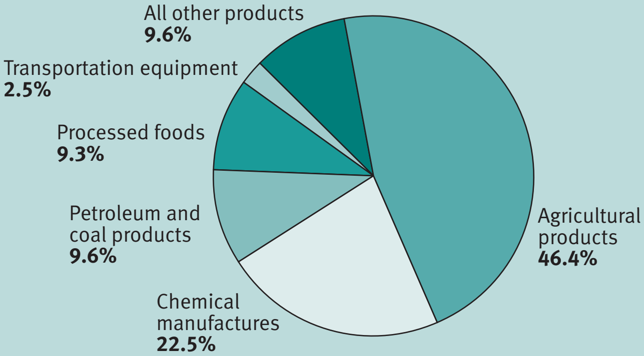
Louisiana Exported $440.4 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Grain and Oilseed Milling Products Top the List



Source: U.S. Department of Commerce.

Louisiana Exported $19.9 Billion in Goods to the World in 2004

Agricultural Products Dominate Exports



Source: U.S. Department of Commerce.

duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

CAFTA-DR Opens Markets for Key Louisiana Exports

Many of Louisiana's top manufactured exports will benefit from the CAFTA-DR agreement:

Petroleum and coal products. The CAFTA-DR agreement will eliminate duties on more than 90 percent of these U.S. exports immediately upon implementation.

Chemical manufactures. The state's exporters of chemicals and related products will benefit from CAFTA-DR tariff reductions. Tariffs on high-value chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or in five years.

Processed foods. The CAFTA-DR agreement, when implemented, will stimulate new opportunities for Louisiana businesses in this sector. Demand in Central America and the Dominican Republic for imported processed products has been expanding substantially in recent years, despite high tariffs. U.S. suppliers of pet food, cereals, cookies, and food preparations will benefit from immediate duty elimination in some countries, and tariff phase-outs—generally over five to 10 years—in other countries.

Louisiana's Farmers Will Benefit from CAFTA-DR

Despite high tariffs and other barriers on most agricultural products, including those important to Louisiana—such as rice, cotton, beef, corn, and soybeans—U.S. exporters shipped over $1.6 billion in U.S. farm products to the CAFTA-DR region in 2003. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with competitors. This objective was achieved. More than 50 agricultural industry and farm groups, including the American Farm Bureau, support the FTA.

For more information on agricultural exports and the CAFTA-DR agreement, see the state fact sheets posted by the U.S. Department of Agriculture at *www.fas.usda.gov/info/factsheets/CAFTA/state.html*.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.